



# 9M 2022 RESULTS

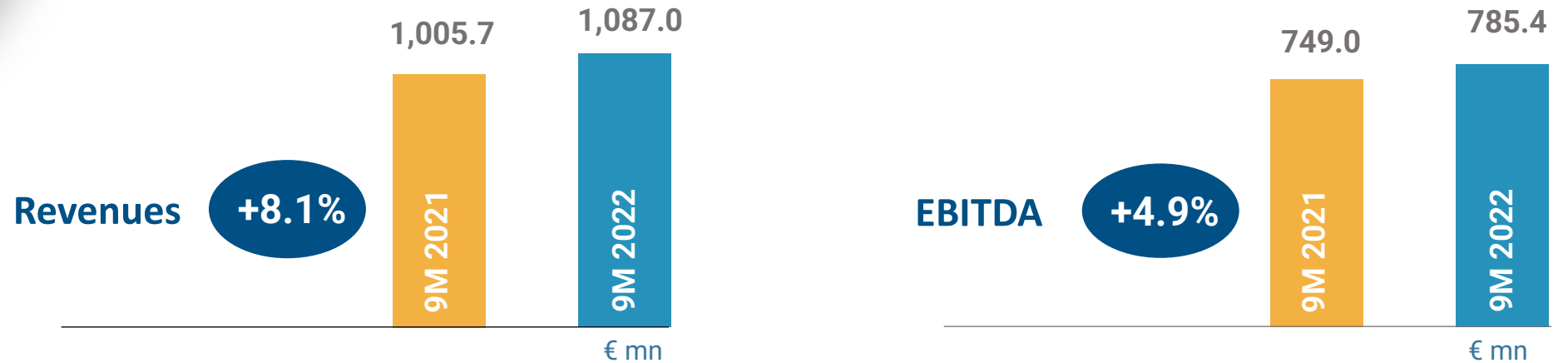
Milan  
27.10.2022



# 9M 2022 Results key highlights

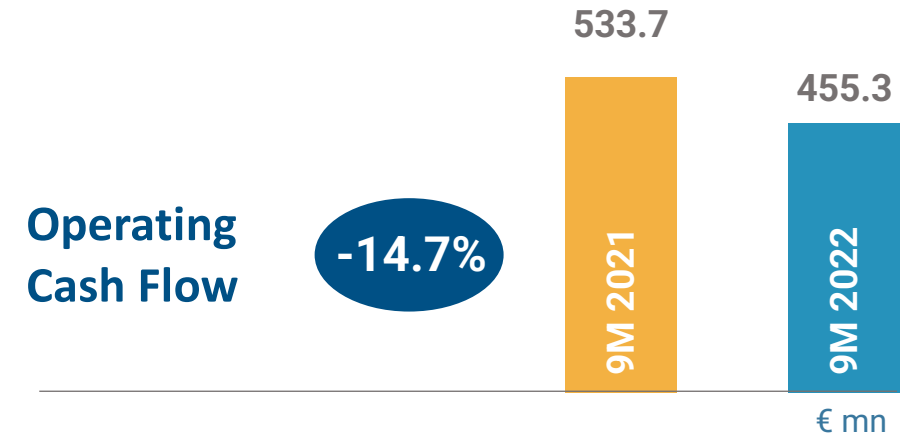
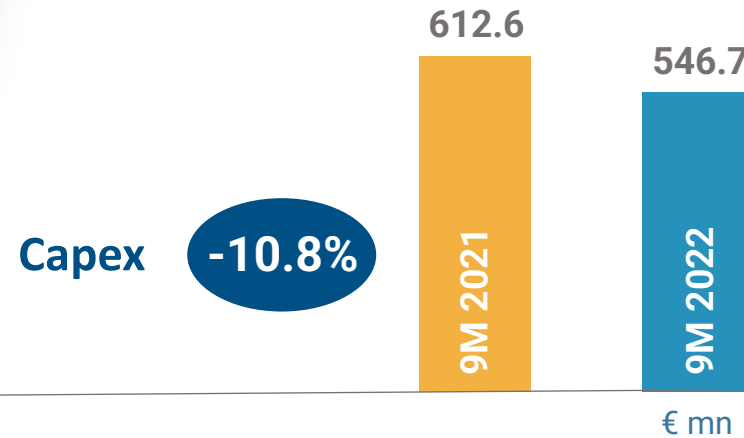


First time consolidation of DEPA Infrastructure (month of September)  
Italian operations 9M results well on track with guidance



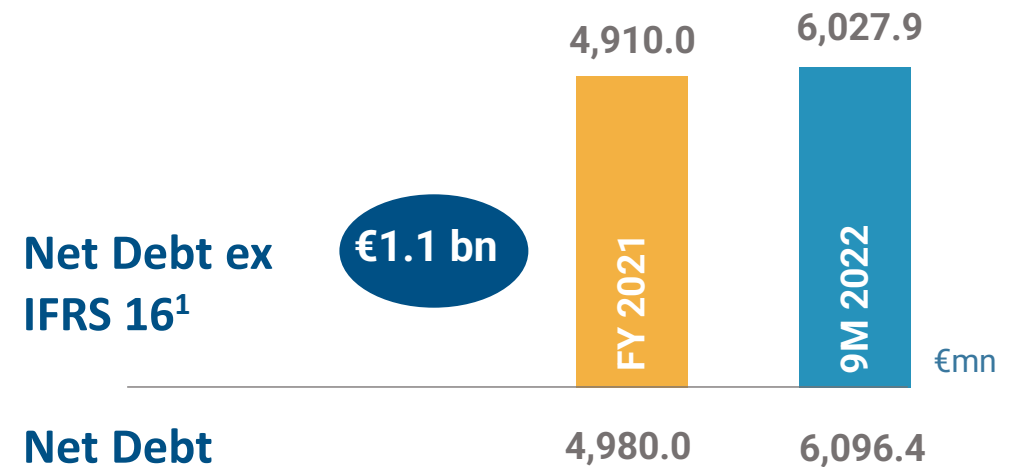
Note: DEPA Infrastructure consolidated starting from 1° of September 2022; (1) 2021 numbers adjusted for the post tax cost of €4.9mn of the bond buyback transaction finalised in February 2021

# 9M 2022 Results key highlights



**Cashflow generation reflects regulatory measures to support natural gas end users (temporary)**

**Net Debt increase**, led mainly by DEPA Infrastructure acquisition



**With Greece, Italgas network exceeds 82,000 kilometres**

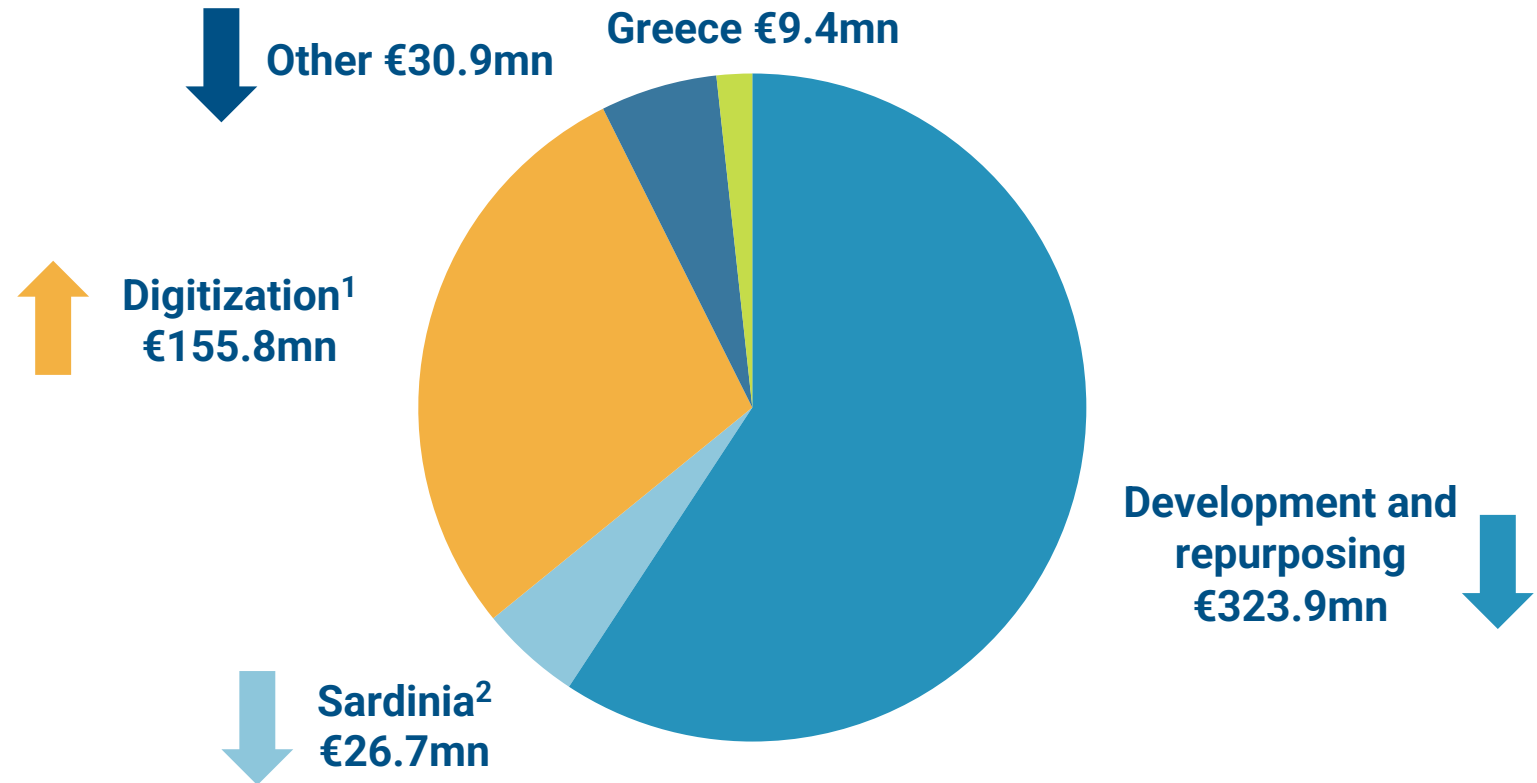
	<b>OPERATING HIGHLIGHTS (TOTAL)</b>	<b>OF WHICH ITALY (ex affiliates)</b>	<b>OF WHICH GREECE</b>	<b>OF WHICH AFFILIATES</b>
<b>Network length</b>	82,215 km	72,959 km	7,353 km	1,903 km
<b>Municipalities</b>	2,039	1,838	140	61
<b>Active Redelivery Points</b>	8.309 mn	7.584 mn	0.572 mn	0.153 mn

## 9M 2022 Results key highlights

9M 2022 **€546.7mn**



**First time contribution of Greece**  
**272km new networks pipes**  
**278k smart meters installed<sup>3</sup>**  
**11 small scale LNG storage and  
regasification plants installed in  
Sardinia<sup>4</sup>**



Note: capex including IFRS 16, total amounts; (1) including metering (2) new networks only; (3) of which 72k related to the replacement of traditional meters excluding affiliates; (4) bringing the total in operations to 64, unchanged vs 1H;

# 9M 2022 Results ESG GHG emissions



- 66,167 km inspected (+17.8%)
- Gas leaked / km surveyed: 72.5 smc/km (-31.0%)
- Gas leaked / gas distributed: 0.085% (-16%)

- Emissions trend (-10%)  
reflects less km travelled

## Scope 1 and 2 GHG emissions

10<sup>3</sup> tCO<sub>2</sub> eq

122.5

9M 2021

-19.2

Gas  
leaked

-2.8

Civil and  
industrial  
gas  
consumption

-0.5

Vehicles<sup>1</sup>

0.0

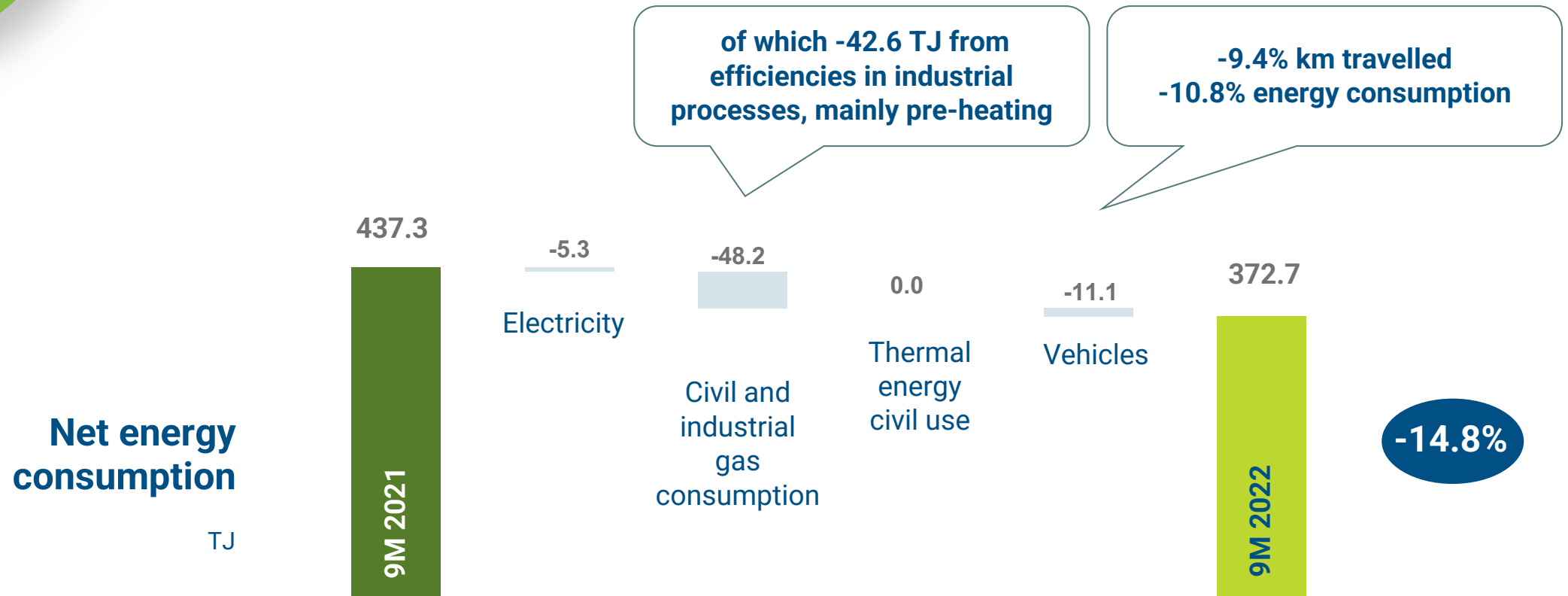
Civil and  
industrial  
electricity  
consumption<sup>2</sup>

100.0

9M 2022

-18.4%

# 9M 2022 Results ESG Net energy consumption



# 9M 2022 Results

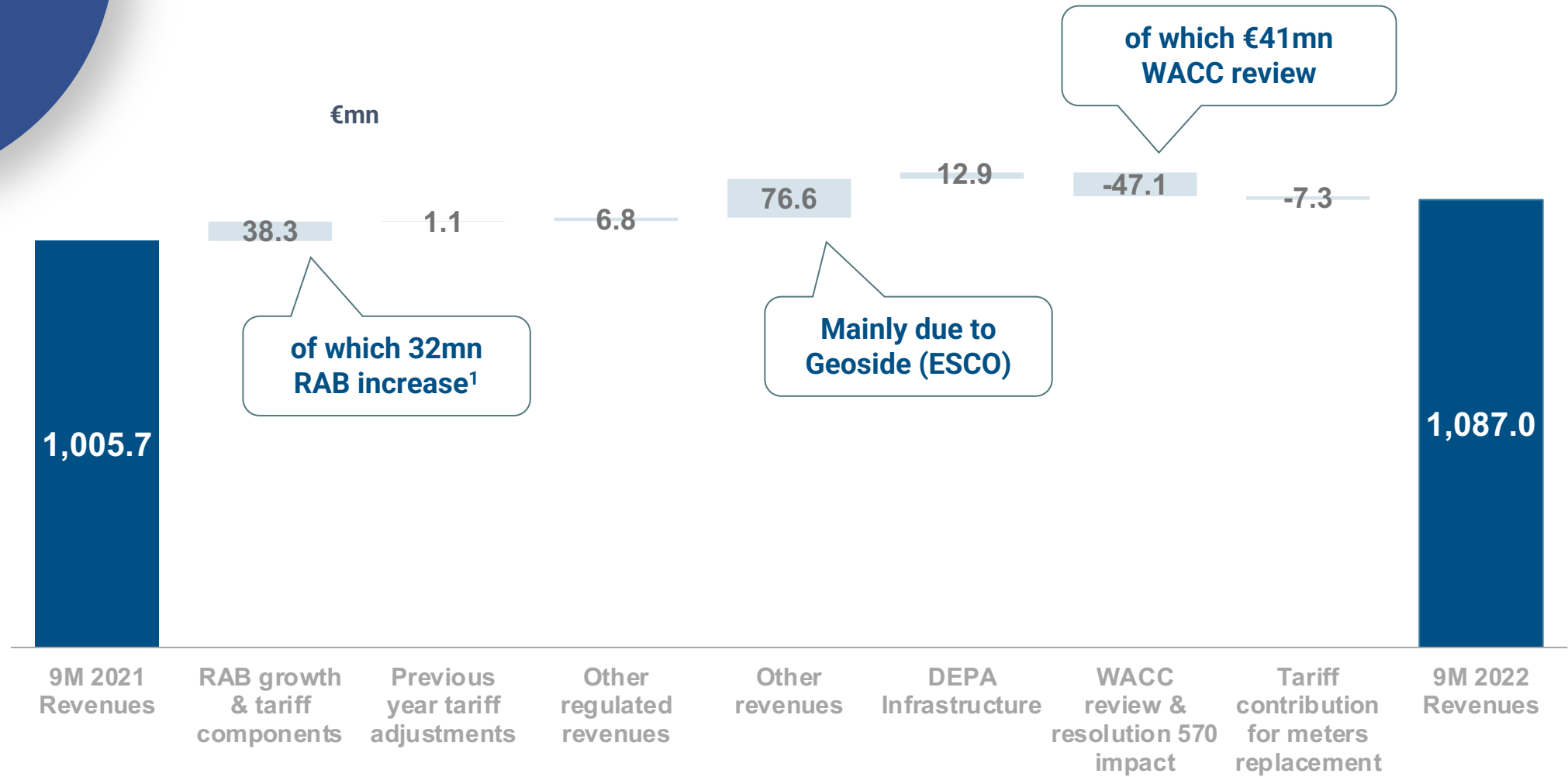
	9M 2021 adjusted <sup>1</sup>	9M 2022	Change	
<i>P&amp;L, € mln</i>				
<b>Total Revenues</b>	<b>1,005.7</b>	<b>1,087.0</b>	<b>81.3</b>	
Operating expenses	- 256.7	- 301.6	- 44.9	
<b>EBITDA</b>	<b>749.0</b>	<b>785.4</b>	<b>36.4</b>	↑ + 4.9%
Depreciation & amortisation	- 318.4	- 330.5	- 12.1	
<b>EBIT</b>	<b>430.6</b>	<b>454.9</b>	<b>24.3</b>	↑ + 5.6%
Net interest income (expenses)	- 39.6	- 41.1	- 1.5	
Net income from associates	2.3	3.4	1.1	
<b>EBT</b>	<b>393.3</b>	<b>417.2</b>	<b>23.9</b>	
Income taxes	- 106.3	- 112.4	- 6.1	
<b>NET PROFIT before minorities</b>	<b>287.0</b>	<b>304.8</b>	<b>17.8</b>	
Minorities	- 13.4	- 16.2	- 2.8	
<b>NET PROFIT after minorities</b>	<b>273.6</b>	<b>288.6</b>	<b>15.0</b>	↑ + 5.5%

(1) 2021 numbers adjusted for the post tax cost of €4.9mn of the bond buyback transaction finalised in February 2021



# 9M 2022 Results

## Revenues



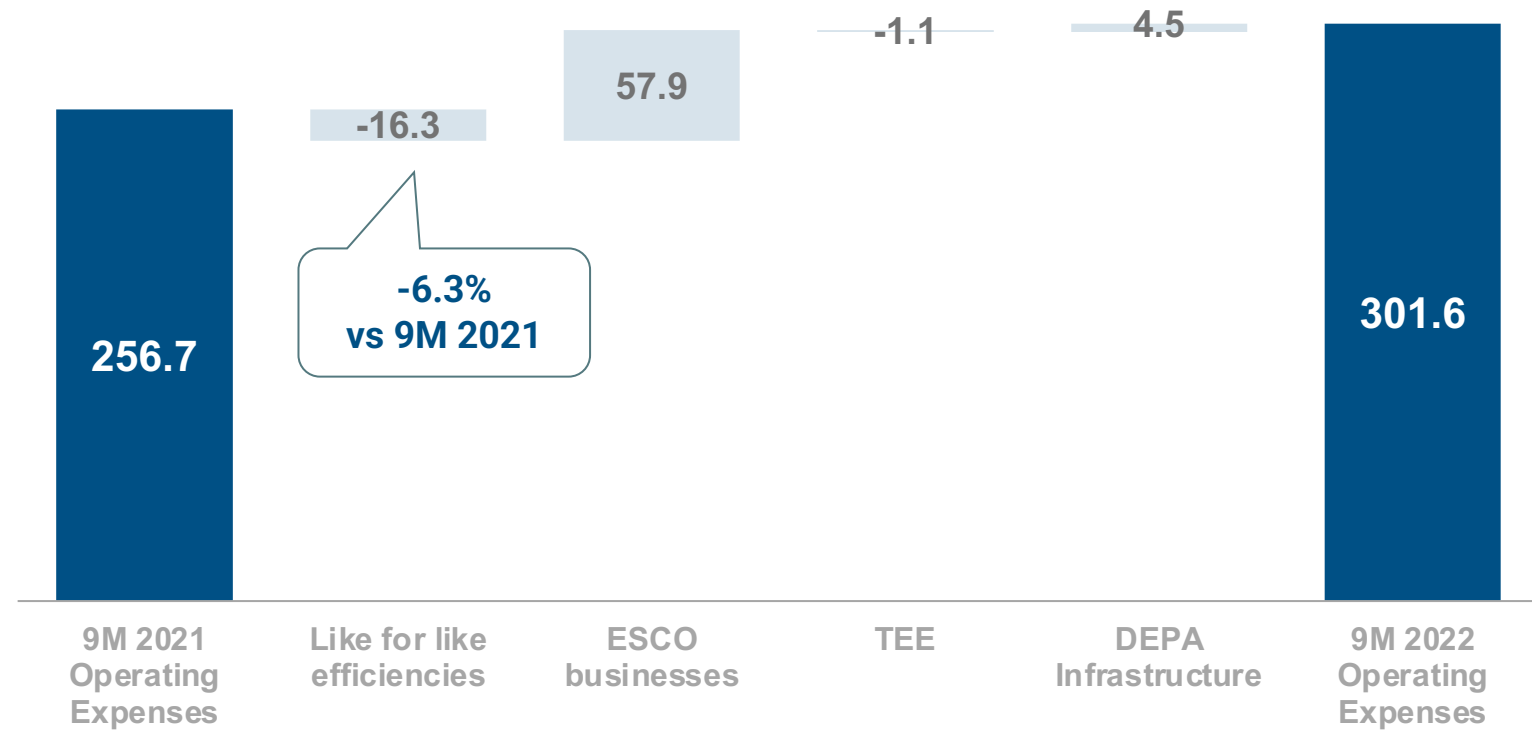
# 9M 2022 Results

	9M 2021	9M 2022	Change
<b>REVENUES, € mln</b>			
<b>Regulated revenues</b>	<b>962.8</b>	<b>954.7</b>	<b>- 8.2</b>
Distribution	893.0	885.4	- 7.7
Tariff contribution for meters replacement	8.7	1.4	- 7.3
Other distribution revenues	61.1	67.9	6.8
<b>Other revenues</b>	<b>42.9</b>	<b>119.5</b>	<b>76.6</b>
DEPA Infrastructure <sup>1</sup>	-	12.9	12.9
<b>TOTAL REVENUES</b>	<b>1,005.7</b>	<b>1,087.0</b>	<b>81.3</b>

(1) relevant only to the month of September

## Operating expenses

€mn



9M 2021

9M 2022

Change

## OPERATING EXPENSES, € mln

<b>Distribution fixed costs</b>	<b>169.7</b>	<b>157.4</b>	<b>- 12.2</b>
Net labour cost	97.8	100.8	3.0
Net external cost	71.9	56.6	- 15.3
<b>Other activities</b>	<b>29.6</b>	<b>88.5</b>	<b>58.9</b>
Net labour cost	3.7	4.8	1.1
Net external cost	25.9	83.7	57.8
Other costs	2.1	- 1.6	- 3.8
Tee	2.9	1.8	- 1.1
Concessions fees	52.4	51.0	- 1.4
<b>DEPA Infrastructure<sup>1</sup></b>	<b>-</b>	<b>4.5</b>	<b>4.5</b>
<b>OPERATING EXPENSES</b>	<b>256.7</b>	<b>301.6</b>	<b>44.9</b>

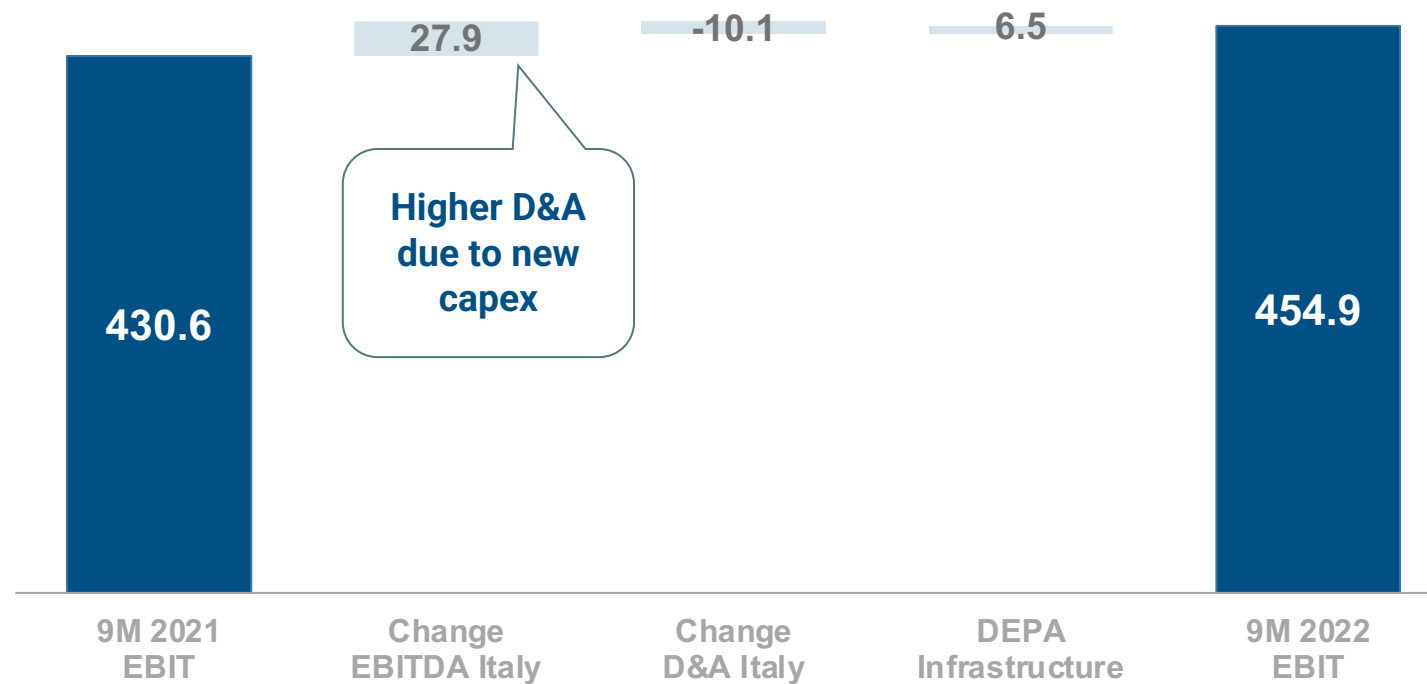
(1) relevant only to the month of September

# 9M 2022 Results



Ebit

€mn

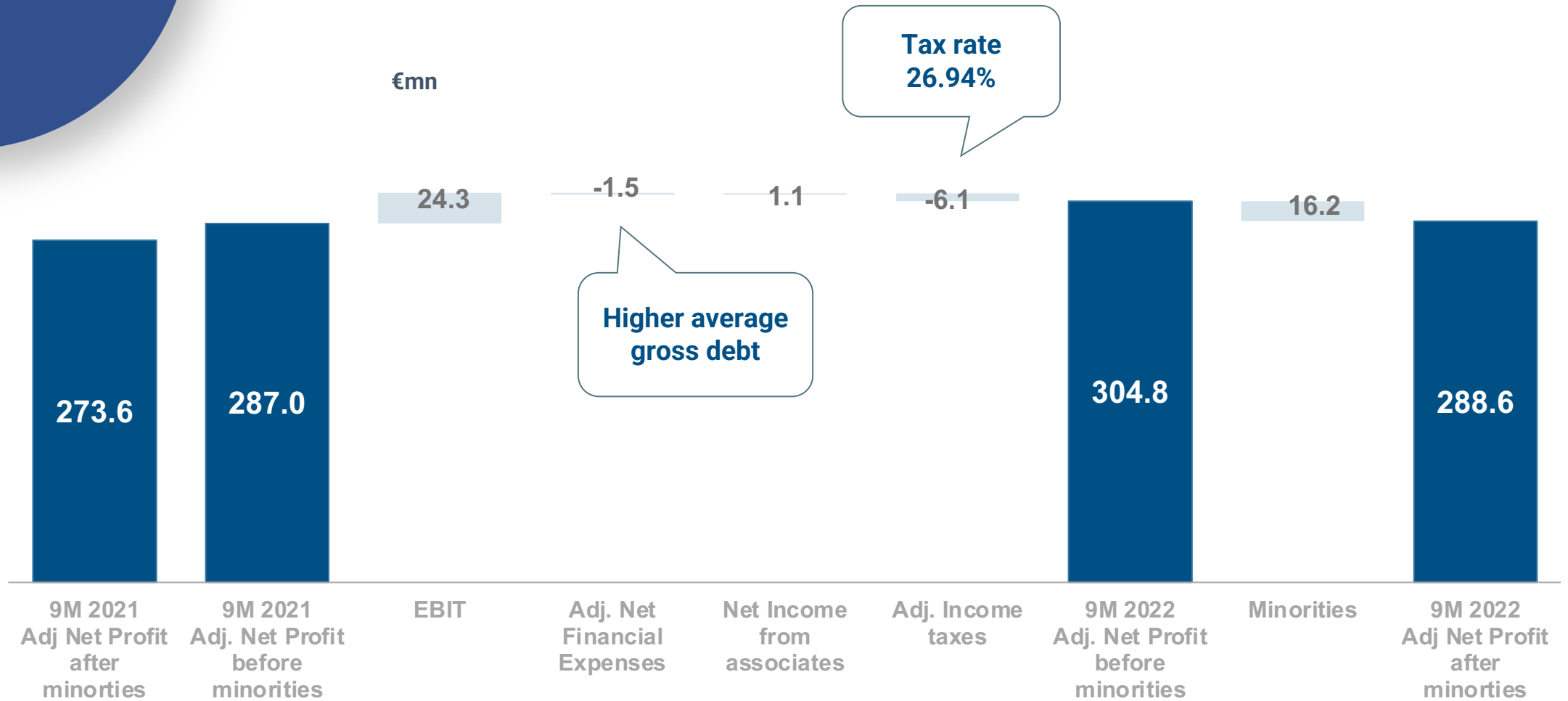


Note: DEPA Infrastructure relevant only to the month of September

# 9M 2022 Results



## Adjusted Net Profit



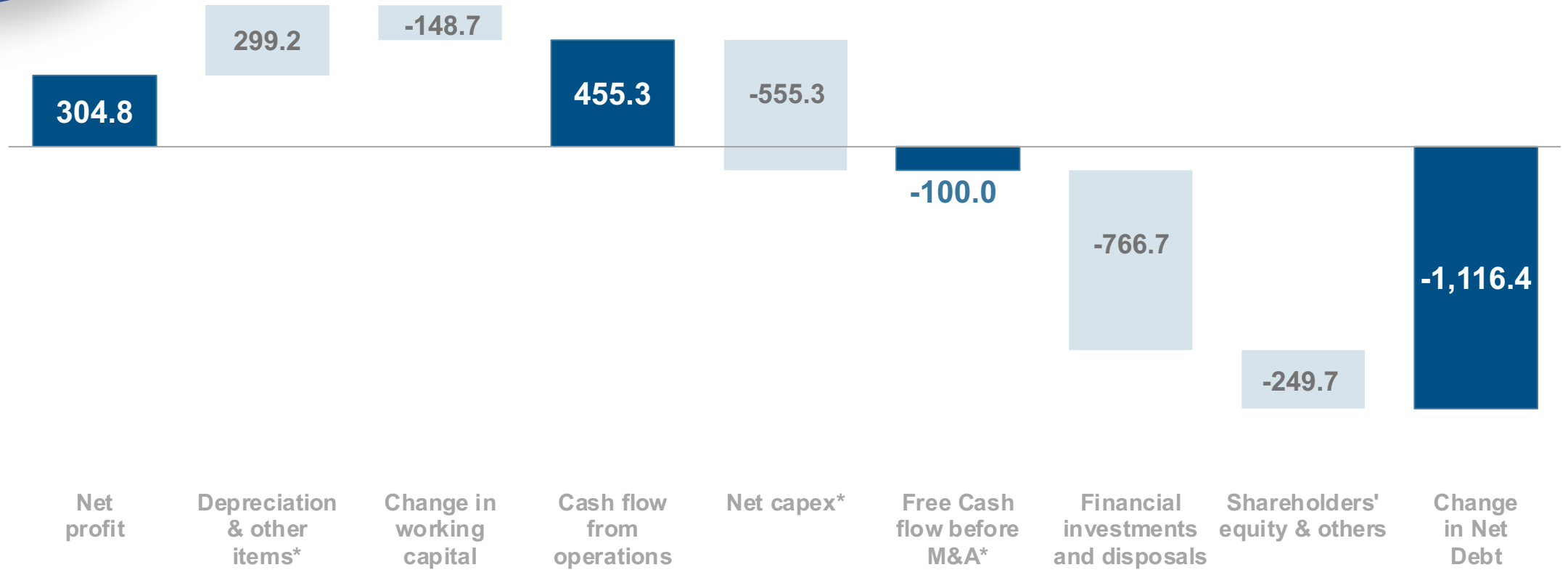
Note: DEPA Infrastructure relevant only to the month of September; excluding the post-tax cost of bond buyback transaction finalised in February 2021 for €4.9bn;

# 9M 2022 Results



## Cash Flow

€mn



(\*) includes IFRS16 effects

# 9M 2022 Results debt structure

**No major refinancing needs until 2024**

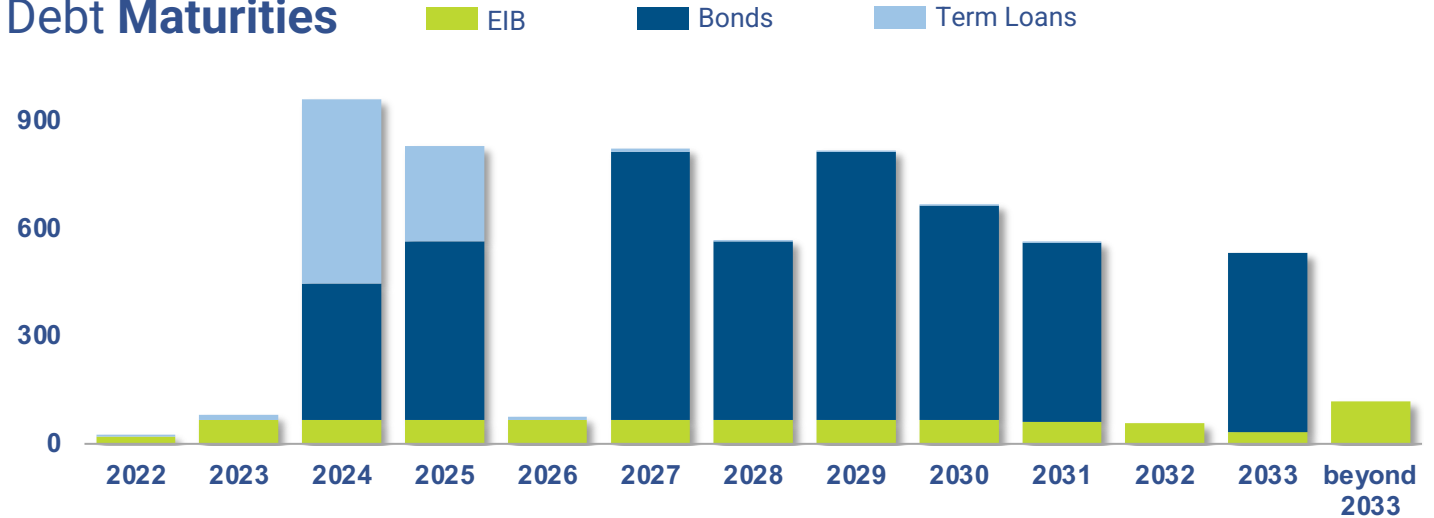
**Liquidity currently >0.35bn** to cover short term outflows and to keep an adequate buffer going forward

**Average cost of debt <1%** in 9M 2022

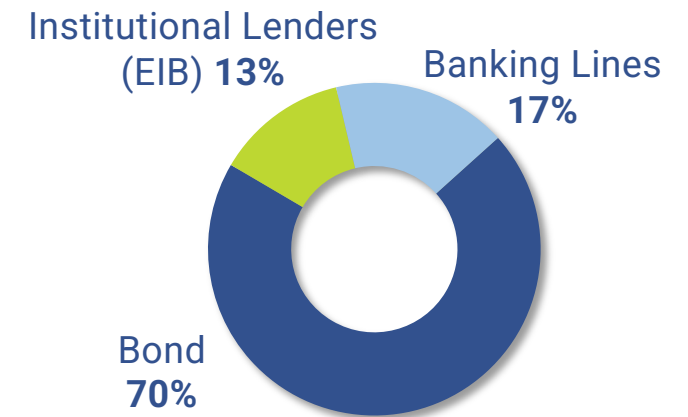
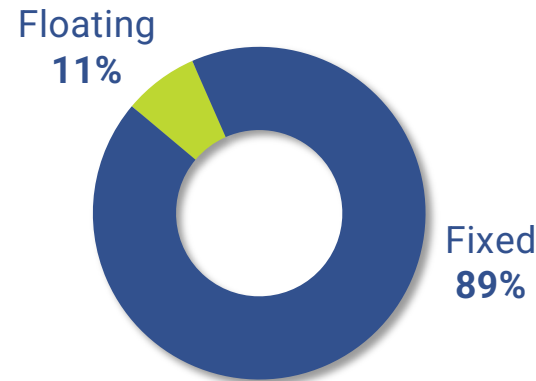
**New EIB and DEPA Infrastructure's credit facilities** signed in 3Q

**Moody's confirmed rating**, revised outlook on the back of Italy

## Debt Maturities



## 30/09/2022 Gross Debt Structure<sup>1</sup>



(1) excluding IFRS16



# 9M 2022 Results Balance sheet

	31/12/21	30/09/22	Change
<b>€ mln</b>			
<b>Net invested capital</b>	<b>7,122.5</b>	<b>8,482.2</b>	<b>1,359.7</b>
Fixed capital	7,106.2	8,068.2	962.0
Tangible fixed assets	372.1	1,144.3	772.2
Net intangible fixed assets	6,938.1	7,102.8	164.7
Net payables investments	- 241.9	- 225.7	16.2
Equity-accounted and other investments	37.9	46.8	8.9
Net working capital	109.7	265.4	155.7
Provisions for employee benefits	- 95.6	- 86.1	9.5
Assets held for sale and directly related liabilities	2.2	234.7	232.5
<b>Net financial debt</b>	<b>4,980.0</b>	<b>6,096.4</b>	<b>1,116.4</b>
Financial debt for operating leases (IFRS 16)	70.0	68.5	- 1.5
<b>Net financial debt ex operating leases</b>	<b>4,910.0</b>	<b>6,027.9</b>	<b>1,117.9</b>
<b>Shareholders' equity</b>	<b>2,142.5</b>	<b>2,385.8</b>	<b>243.3</b>

**DEPA Infrastructure now contributing to numbers**

**In Italy RAB growth and ESCO led top line growth, despite negative impact of regulation**

**Cost efficiencies continue more than offsetting inflationary pressures**

**Sustainability performance keeps improving**

**Well on track with guidance<sup>1</sup>**

# Q&A

# Appendix



# 9M 2022 Results



	3Q 2021	3Q 2022	Change
<i>P&amp;L, € mln</i>			
<b>Total Revenues</b>	<b>340.3</b>	<b>379.8</b>	<b>39.5</b>
Operating expenses	- 80.4	- 107.6	- 27.1
<b>EBITDA</b>	<b>259.9</b>	<b>272.1</b>	<b>12.2</b>
Depreciation & amortisation	- 108.7	- 113.2	- 4.6
<b>EBIT</b>	<b>151.2</b>	<b>158.8</b>	<b>7.6</b>
Net interest income (expenses)	- 14.2	- 14.7	- 0.6
Net income from associates	1.2	0.1	- 1.1
<b>EBT</b>	<b>138.2</b>	<b>144.2</b>	<b>6.0</b>
Income taxes	- 36.1	- 37.2	- 1.1
<b>NET PROFIT before minorities</b>	<b>102.1</b>	<b>107.0</b>	<b>4.9</b>
Minorities	- 4.6	- 6.7	- 2.1
<b>NET PROFIT after minorities</b>	<b>97.5</b>	<b>100.3</b>	<b>2.8</b>

# 9M 2022 Results



1Q 2022

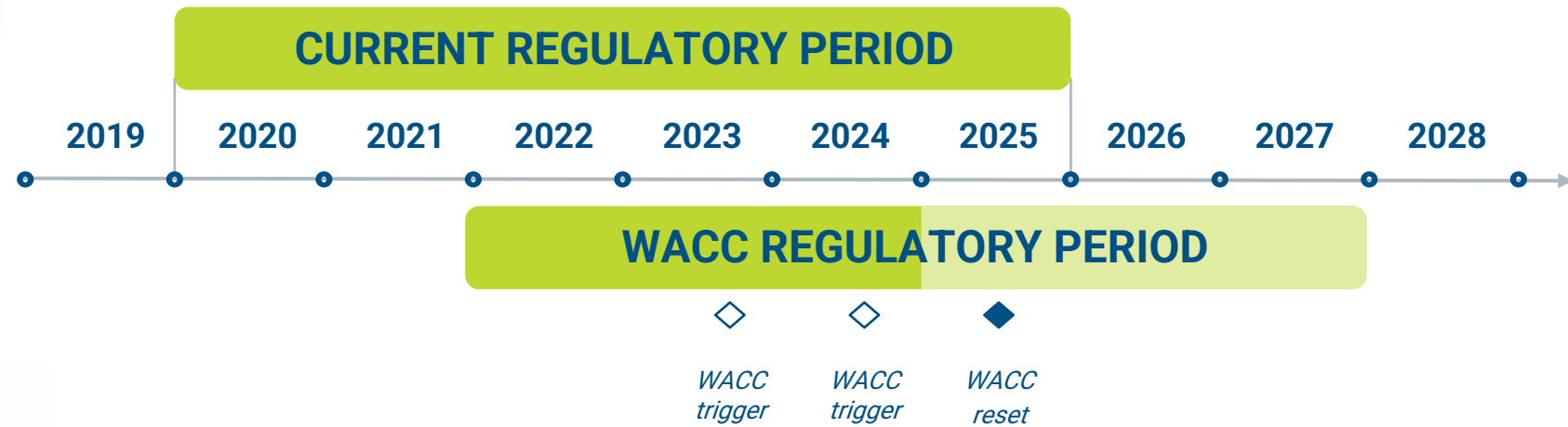
2Q 2022

3Q 2022

4Q 2022

*P&L, € mln*

<b>Total Revenues</b>	<b>354.0</b>	<b>353.4</b>	<b>379.8</b>
Operating expenses	- 104.0	- 90.1	- 107.6
<b>EBITDA</b>	<b>250.0</b>	<b>263.3</b>	<b>272.1</b>
Depreciation & amortisation	- 108.1	- 109.2	- 113.2
<b>EBIT</b>	<b>141.9</b>	<b>154.1</b>	<b>158.8</b>
Net interest income (expenses)	- 14.0	- 12.4	- 14.7
Net income from associates	0.3	3.0	0.1
<b>EBT</b>	<b>128.2</b>	<b>144.8</b>	<b>144.2</b>
Income taxes	- 34.5	- 40.7	- 37.2
<b>NET PROFIT before minorities</b>	<b>93.7</b>	<b>104.1</b>	<b>107.0</b>
Minorities	- 4.8	- 4.7	- 6.7
<b>NET PROFIT after minorities</b>	<b>88.9</b>	<b>99.4</b>	<b>100.3</b>



**New regulatory  
period for allowed  
return started in  
January 2022**

## Key features of Italian regulation

- RAB-based framework set and regulated by ARERA
- Tariffs ensure return on assets
- No volume risks, temporary tariffs mismatch impact working capital
- Different regulatory period for WACC and other tariff components
- Majority of capex recognized at cost
- 5.6% real allowed return for 2022, trigger mechanism for 2023-24 and rest in 2025 with pre-established rules
- Inflation protection

# Italy regulated revenues scheme

## Key features

Unitary tariffs are **set for the regulatory period** for each distribution area:  
Achieved revenues reflect return on asset base.  
Working capital temporarily impacted by volumes fluctuations.

REQUIRED  
REVENUES =

RAB X  
Reg. WACC

RAB includes capex spent in the  
previous year

RAB inflated

Rel pre-tax allowed return applied  
(5.6% in 2022)

+ DEPRECIATION

Calculated on assets entering into  
RAB

Reflects inflation

Useful lives set by ARERA

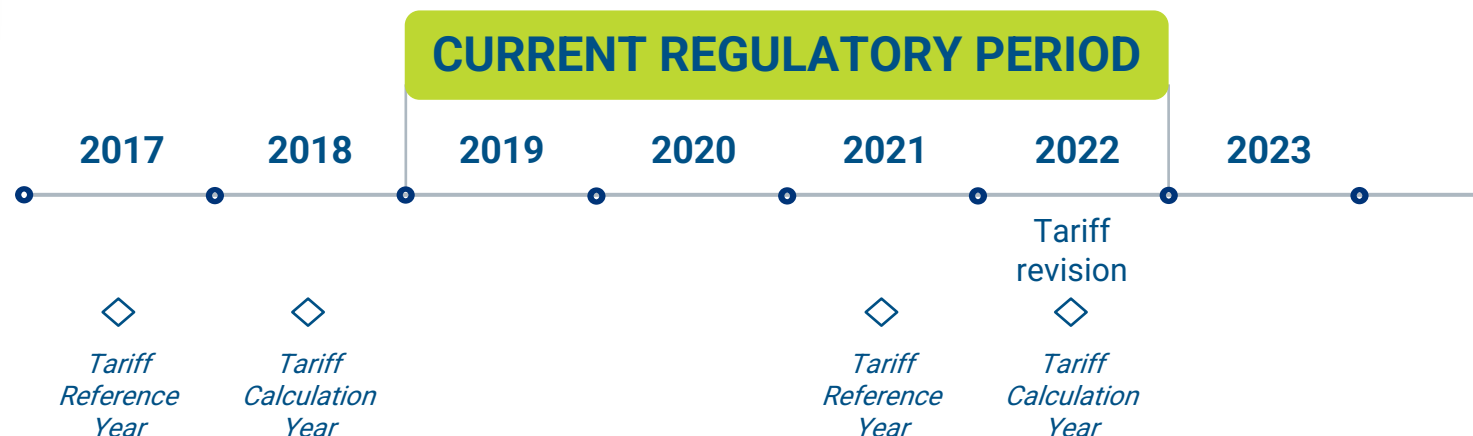
+ OPEX

Unitary opex set by ARERA at the  
beginning of the regulatory period

Efficiency factor of 2.8%

Opex inflated annually





## Transparent regulatory framework

with numerous  
similarities to the  
Italian system

## Long concession duration

allowing to  
implement Italgas'  
long-term  
strategic vision

## Downside protection

through  
compensation  
mechanism for  
under-recoveries

## Key features of Greek regulation

- RAB-based framework regulated by the Regulatory Authority for Energy
- Tariffs reflect business plans presented by the company, including investments agreed with RAE
- Regulatory periods last 4 years
- 7.03% nominal return in 2021-22E, with an implied tax rate of 24%
- 1.5% additional return for investments meeting certain criteria
- Mechanism in place to compensate of any under / over recovery of required revenues

# Greece regulated revenues scheme

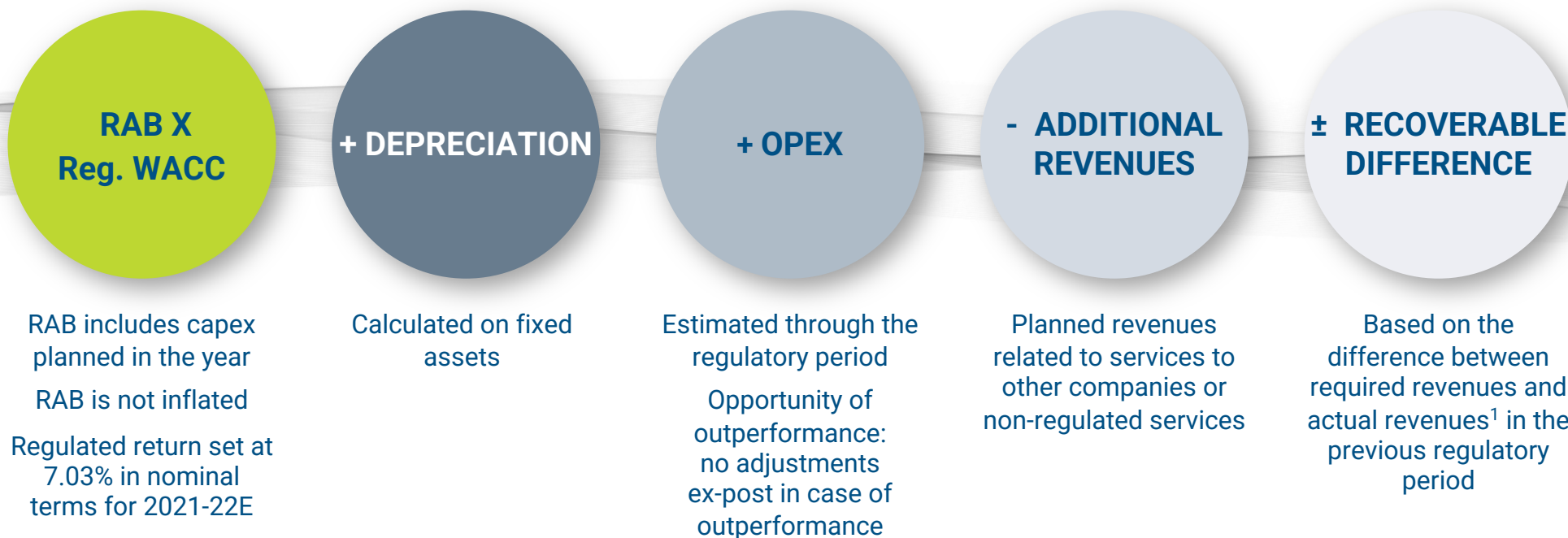
## Key features

Unitary tariffs are **set for the regulatory period** for each distribution area:

- Based on the approved business plans and allowed returns, and inflated annually: the DSO is entitled to collect (required) revenues based on all investments and operational costs
- Taking into consideration estimated growth in redelivery points and volumes distributed

**Achieved revenues** are based on actual bills collection but there is a **recoverable difference mechanism** in place

REQUIRED  
REVENUES =



<sup>1</sup> Actual revenues are the revenues collected by the company based on the application of the distribution tariffs to the redelivery points served

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## 9M 2022 RESULTS

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